

TO: The Chair and Members of the Commission

FROM: Ruth Ann Price, Hearing Examiner

SUBJECT: IN THE MATTER OF THE COMMISSION'S
CONSIDERATION OF THE "INTERCONNECTION"
STANDARD SET FORTH IN 16 U.S.C. §2621(D)(15)
RELATED TO INTERCONNECTION OF CUSTOMER-OWNED
GENERATION TO UTILITY DISTRIBUTION FACILITIES
(FILED JULY 11, 2006)
PSC REGULATION DOCKET NO. 58

DATE: August 30, 2006

Pursuant to PSC Order No. 6983 (July 11, 2006), by this letter I transmit to you the public comments I have received in this docket. Attached are the comments of (1) Delmarva Power & Light ("Delmarva") and (2) Mid-Atlantic Solar Energy Industries Association and the Delaware Million Solar Roof Coalition (collectively "the Coalition").

I. BACKGROUND

This docket was opened pursuant to PSC Order No. 6983 (July 11, 2005) to consider the new PURPA interconnection standard enacted by the Energy Policy Act of 2005 ("the Act"). Under the Act, state commissions are to "consider" new PURPA interconnection standards for their states' electric rate-regulated utilities.

PSC Order No. 6983 set forth six specific questions on which the Commission desired to receive public comment. Commentators were also free to provide comments on other issues they felt relevant to the question of the new interconnection standard. The Commission directed that Notice of publication of this proceeding be placed in *The New Journal* newspaper by July 18, 2005. As stated in the Order, the Commission Secretary filed the affidavit of publication of the "Notice of Initiation of Proceeding Related to PURPA Standard for Interconnection of Customer-Owned Generation" in the docket of this case on July 18, 2006, before the deadline of August 1, 2006. Those wishing to

participate in the proceeding were directed to file their petitions for intervention by August 16, 2006. All comments were to be filed by that date as well.

On August 14, 2006, Anthony C. Wilson, Associate General Counsel for Delmarva, filed a letter directed to Senior Hearing Examiner William F. O'Brien requesting a ten-day extension of time in which to file comments.¹ Mr. Wilson cited Delmarva's obligations in other on-going proceedings as the reason it would not be able to provide its full attention to filing comments in this case by the deadline. On August 14, 2005, I responded to Mr. Wilson's request extending the time for comments to be filed by all parties until Friday, August 25.

On Friday, August 25, 2006, I received electronically a letter addressed to Karen J. Nickerson, Secretary of the Commission from Brian P. Gallagher on behalf of the Mid-Atlantic Solar Energy Industries Association and the Delaware Million Solar Roof Coalition requesting to intervene in the above-referenced proceeding. Mr. Gallagher's letter also requested an extension of time to file comments until Tuesday, August 29, 2006.

By my letter dated August 28, 2006, I granted Mr. Gallagher's petition for intervention as filed in a timely manner. Under the extension given to all parties, Mr. Gallagher's request to intervene was submitted by the deadline.

Further, since Mr. Gallagher indicated that the entities he represented may take a position against the proposed interconnection standard and in view of the fact that no prejudice would inure to any party if an extension of time to file comments was allowed, I granted Mr. Gallagher's request to file comments by August 29, 2006 on behalf of the Solar Coalition. Those comments were received by that date and are summarized, with Delmarva's, below.

II. PUBLIC COMMENTS

Question A. Should the Commission revisit and re-examine the "interconnection" protocols previously published by DP&L and DEC (see n. 6 above)? If you believe that re-examination is not necessary, please explain why such

¹ Although Mr. Wilson's letter was directed to the Senior Hearing Examiner, Mr. O'Brien forwarded the letter to me for attention since I was the hearing examiner named in PSC Order No. 6983 to handle petitions in this docket.

protocols remain appropriate? Also, please explain whether such earlier protocols would constitute "prior State action" under 16 U.S.C. § 2622(f)(1) or whether the Commission would need to take further action to utilize such provision's "safe harbor" from further consideration?

Delmarva believes that it is unnecessary to reexamine its interconnection protocols. Its current protocols were made effective only six years ago. Delmarva relies on its "Technical Considerations Covering Parallel Operation of Customer Owned Generation of Less than One (1) Megawatt," (referred to as "Technical Considerations < 1MW") published in 2000, as consistent with the latest standards set forth in IEEE 1547 and PJM Interconnection's standards (Small Generator Interconnection "Applicable Technical Requirements and Standards"). The Company notes that its current standards were the product of a request by the Commission, made in 1999, which produced through working groups composed of Commission Staff, Delmarva experts and members of a consortium of distributed equipment providers, its "Technical Considerations < 1 MW" published in 2000.

Delmarva's comments did not address the question of whether Delmarva's protocols could be deemed as "prior state action" under 16 U.S.C. §2622(1). Further, Delmarva did not comment on whether the Commission could rely on the safe harbor provision of 16 U.S.C. §2622(1) should it decide to take no further action.

The Coalition agrees with Delmarva that at the present time there is not a compelling need to reexamine Delmarva's interconnection standards. The Coalition notes that the current interconnection standards were developed in 2000, before IEEE 1547 was promulgated, but the standards were created in anticipation that an IEEE standard would address various types of distributed generation. In general, the Coalition has found that solar companies and installers are satisfied with the customer-owned generation connection to Delmarva's system.

The Coalition believes that the "prior State action" requirement of 16 U.S.C. §2622(f)(1) has been satisfied in Delaware because there has been six years of experience using Delmarva's current standards that have not produced any significant issues that need correction at this time.

Question B. Do the provisions of the "Electric Utility Retail Customer Supply Act of 2006" (75 Del. Laws ch. 242 (Apr. 6, 2006)) provide any guidance on how the

Commission should approach or resolve issues related to interconnection of customer-owned generation to DP&L's and DEC's distribution facilities?

Delmarva and the Coalition assert that the Electric Utility Retail Customer Supply Act of 2006 ("the Act") does not address interconnection issues. In addition, the Coalition contends that the Act does require an integrated resource planning process to encourage opportunities for fuel diversity and emphasize the economic and environmental value of renewable resources.

Question C. If the Commission should revisit interconnection protocols and processes, should the Commission utilize any of the existing models as a "straw" proposal for Delaware interconnection standards?

- i. If so, please describe which model should be chosen and why it is superior to other models for use in Delaware?
- ii. In particular, please evaluate the MADRI model against the processes, standards, and agreements proposed by PJM (including its streamlined procedure for 2 MW or less resources).

As stated in answer to Question A, Delmarva does not believe that it is necessary to reexamine its current interconnection protocols, which are only six years old. Further, the Company believes that neither the IEEE 1547 nor the PJM standards should be used as a "straw" proposal for Delaware interconnection standards.

Delmarva contends that the IEEE 1547 standards (published in July 2003) cannot be used as a "straw" proposal for Delaware because its technical requirements are not specifically delineated. For example, the IEEE's system protection requirements are not sufficiently clear and specific for interconnecting generators and IEEE 1547 does not state the responsible party for paying the costs of interconnection generators. Further, IEEE 1547 does not speak to: (1) the electrical system changes that may be caused by interconnecting generation, (2) the administrative procedures and timeframes for processing interconnection applications, (3) the monitoring and

metering of interconnecting generation and (4) the technical details are unclear and subject to misinterpretation.

Similarly, Delmarva objects to the MADRI Small Generator Interconnection Procedures ("MADRI" Procedures) because they are not comprehensive, detailed and do not or reflect industry practice. In fact, MADRI Procedures contain contradictory recommendations that will only confuse and obfuscate the technical guidelines. The MADRI Procedures, however, were designed to be consistent with PJM's interconnection standards. However, as presently constituted, the MADRI Procedures, Delmarva contends, expose customers to safety risks because they could lead to damage to interconnection companies' equipment and to the electric distribution system.

Question D. Should the Commission adopt a certain MW ceiling to apply to an interconnection standard to State-jurisdictional distribution facilities: Is so, what should be that limit, and should the limit differ for each particular utility?

If the event that the Commission would undertake to approve a regulation specifying a megawatt ceiling interconnection standard, Delmarva recommends up to 3 MW on a 12kV circuit and up to 6 MW on a 25kV circuit. Larger generators would require significant upgrades or installation of a dedicated circuit. However, any standard imposed by the Commission should include the necessary technical requirements and administrative rules for safe and efficient interconnection.

The Coalition reiterates its position that reevaluating the state's interconnection standards at this time is not a pressing concern. However, if the Commission should decide to go forward with a full-scale review of such standards, the Coalition's model standards would be in order of preference:

1. New Jersey's interconnection standards;
2. The Interstate Renewable Energy Council's model rules;
3. Colorado's recently promulgated interconnection rules.

The Coalition contends that adopting New Jersey's interconnection rules would be preferable because Atlantic City Electric, like Delmarva, is a subsidiary of Pepco Holdings, Inc. Therefore, Delmarva would have access to people who have worked within the parameters of the rules. The rules have been tested

and proven having been used in over 1,000 small generator systems. Members of the Coalition are familiar with the New Jersey's interconnection standards.

The Coalition advises the Commission to reject the use of the PJM and MADRI standards on the state level because there are serious, and potentially dangerous, weaknesses in trying to apply federal concepts on the state level. The Coalition cites the serious technical difficulties of using the MADRI model and directs the Commission's attention to the fact that no state has adopted the MADRI model for its interconnection standards

Question E. If revisiting is in order, what process would be the most efficient way for the Commission to proceed?

- i. In particular, should the Commission defer its proceedings for a time to await actions by neighboring jurisdictions considering similar interconnection protocol standards? Can this be structured consistent with the PURPA procedural requirements?
- ii. If an immediate process is appropriate, how should that be structured consistent with the PURPA procedural requirements?

Delmarva recommends that should the Commission decide to revisit the interconnection protocols, a working group of technical experts from the Company, the Commission Staff and other interested persons should be convened to discuss technical and procedural issues regarding interconnection. Further, Delmarva does not necessarily believe that any benefit is gained by waiting for neighboring jurisdictions to undertake these issues because system configuration and operational processes are different for each utility and for each state.

The Coalition endorses the establishment of a limited number of "informal discussions" to resolve technical issues in Delaware. However, it specifically objects to constituting a "working group" which could easily overwhelm the resources and time of small generators to participate.

Question F. Would it be more efficient to have DP&L and DEC to initially submit re-worked documents and use those as "staw-

men" for continued consideration of the PURPA standard? Similarly, should the Commission strive for a single interconnection standard and process or do differences exist between the two jurisdictional utilities that call for different interconnection protocols?

Rather than having Delmarva submit re-worked documents to use as "straw-men" for consideration of the PURPA standard, Delmarva believes that a working group of technical experts from the Company, Commission Staff and interested persons is the best method to develop standards and practices for interconnection.

The Coalition believes that its suggestions made in response to Question E are its preferred method of reexamining Delaware's interconnection standards. While the Coalition suggests that interconnection standards modeled on those in New Jersey are preferred and could serve as a "straw" proposal, it does not view "straw-men" as necessary to initiate technical discussions on interconnection issues.

III. CONCLUSION

The comments solicited pursuant to PSC Order No. 6983, do not demonstrate that there is a need to reexamine Delaware's interconnection standards at this time. However, neither of the commentators provided a legal opinion concluding that the Commission's previously enacted standards constituted "prior state action" under 16 U.S.C. §2622(f)(1) even though, in its view, the Coalition believes that Delaware's standards fulfill the requirement.

Should the Commission decide to initiate an examination of the interconnection standards, the commentators unanimously agree that the PJM and the MADRI standards are not appropriate to be used as a "straw proposal." In light of the Coalition's endorsement of New Jersey's standards, it may be an efficient use of time and resources to have Delmarva first review these standards and to advise the Commission concerning which of these standards is already in effect in Delaware, which are cared-for by a standard already in effect and which are not appropriate for Delaware. Thereafter, the Commission may consider whether to convene a limited number of discussions (either face to face or telephonically) to discuss any outstanding technical issues.

The commentators agree that any regulations promulgated by the Commission as a result of this endeavor should be clear,

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concise and technically operable for both distributors and generators.